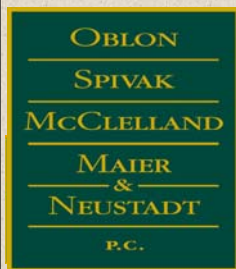


7th Bank University
Eurogroup Consulting Alliance

Innovation and Regulation Workshop

Protecting Financial Innovations with US Patents



Philippe Signore

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Introduction: What is a patent?

- A government document that grants to the owner of the patent the **right to exclude others** from:
 - making, using, selling, and importing the *claimed* invention
- Patents are **territorial** in nature:
 - A US patent is only enforceable in the US



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What can be patented in the US?

- Anything made by man is patentable if it is:
 - (1) Useful
 - (2) New
 - (3) Not Obvious
- These conditions are examined by Patent Offices



Background on U.S. financial patents

- **Pre 1996:** USPTO considered that financial innovations were *NOT* patentable
- **1998:** *the State Street Bank case*
 - *No exception to patentability*
 - Financial methods are patentable if useful, novel and non-obvious



Background on U.S. financial patents

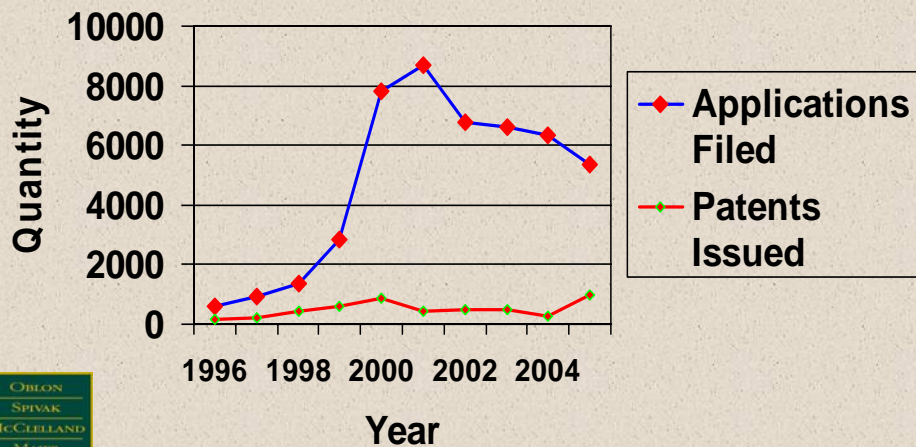
- **1999-2001** – USPTO experiences a surge in filings
- Public criticism of USPTO for poor examination
- USPTO establishes strict guidelines for examining financial business methods



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Patent Applications and Issuances, Class 705



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Who is obtaining financial patents in the US?

- Banks
- Credit card companies
- Investment firms
- Insurance companies
- Financial software companies
- Financial hardware companies



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Examples of banks with patent portfolios

	Total number of patents	Number of 705 patents
Citibank	101	65
JP Morgan / Chase / Bank One / First USA	85	44
Capital One	20	6
First Union / Wachovia	8	5
Morgan Stanley	3	3
Mellon Bank	3	3
U.S. Bancorp	3	3
Bank of America / MBNA	41	2
Wells Fargo	7	1
National City Corp.	4	1



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Examples of financial services companies with patent portfolios

	Total number of patents	Number of 705 patents
Visa	70	35
Merrill Lynch	35	24
American Express	66	19
Mastercard	33	17
GE Capital	21	14
Reuters	29	10
CheckFree Corp.	11	10
Cantor Fitzgerald	7	6
Met Life	17	4
Freddie Mac	4	4
Morgan Stanley	5	3
Hartford Fire Ins.	3	2
Nasdaq		2



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Examples of financial technology firms with patent portfolios

	Total number of patents	Number of 705 patents
Diebold	281	60
First Data	96	44
Proprietary Financial Products	8	8
Financial Engines	6	6
Financial Services Technology Consortium	4	4
NextCard	4	4



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What is being patented in the financial sector?

- “Anything” performed by:
 - Banks
 - Credit card companies
 - Investment firms
 - Insurance companies
 - Any other financial service company



Examples of financial business method patents

- 5,025,372: System and method for administrating an incentive award program through use of credit
- 5,963,917: An automated payment system for purchases over the Internet



Examples of financial business method patents

- 6,227,447: Method for completing a credit card transaction without the need for the physical presence of the credit card
- 6,349,290: A system and method for presenting customized advice for a customer by a financial institution
- 6,064,970: Motor vehicle monitoring system for determining a cost of insurance



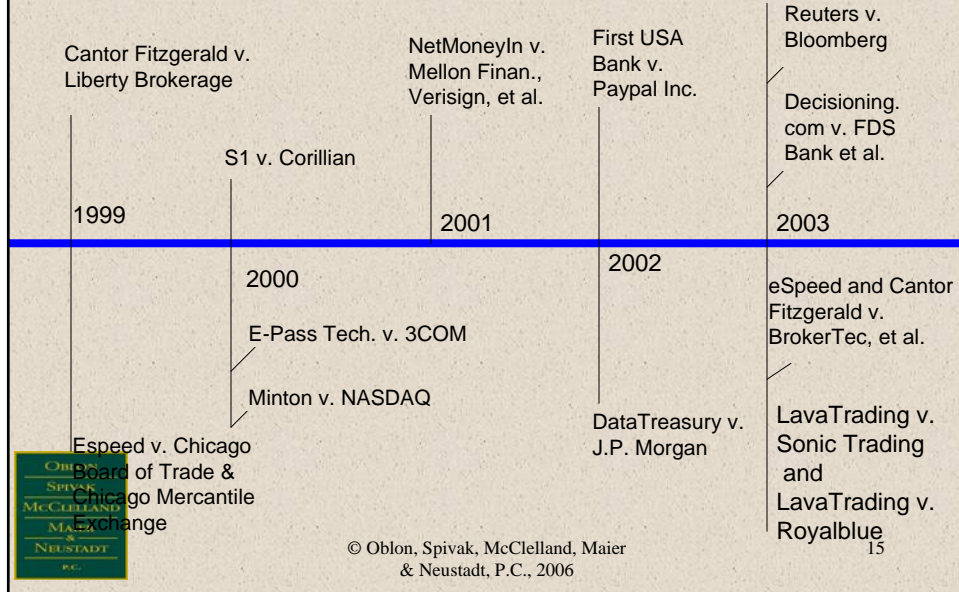
Why obtain financial patents?

- Financial patents are enforced for the same reasons traditional patents are enforced:
 - stop competing activity
 - obtain damages
 - obtain royalties from licenses
 - maintain an activity via a cross license
 - defend against another patentee



Financial Patent Infringement Litigations

(1999-2005)



Conclusions

- Widespread recognition *in the U.S.* that financial patents are important
- Finance-related companies are obtaining and enforcing patents



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THANK YOU

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